

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-06 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 PA-01 PRS-01 AGRE-00 /092 W
-----272023Z 012541 /70

R 271330Z APR 77
FM AMEMBASSY KINSHASA
TO SECSTATE WASHDC 3285
INFO AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS

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DEPT PASS: EXIM, TREASURY, COMMERCE

E.O. 11652: N/A
TAGS: EGEN EAID EFIN
SUBJECT: DOMESTIC PRICE TRENDS--APRIL 1977

1. SUMMARY: CONSUMER PRICES IN KINSHASA ROSE SHARPLY IN APRIL AFTER NEARLY FOUR MONTHS OF RELATIVE STABILITY. THE MOST SIGNIFICANT CAUSES OF THE APRIL INCREASES WERE SHARP BOOSTS IN THE PRICE OF FOODSTUFFS, EXPECIALLY ANIMAL PROTEINS AND VEGETABLES. IT IS POSSIBLE THAT THE SHABA CONFLICT HAD AN IMPACT ON PRICES. THE APRIL FIGURES ARE A TROUBLING SIGN THAT INFLATIONARY PRESSURES MAY BE REKINDLING. END SUMMARY.

2. THE FOLLOWING COMPARES THE MARKET BASKET INDEX IN APRIL FOR HIGH, MEDIUM AND LOW INCOME HOUSEHOLDS WITH THOSE FROM PREVIOUS MONTHS:

APR 22	JAN 24	FEB 23	APR	APR 21
1976	1977	1977	1977	1977

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HIGH INCOME	100	164.6	168.5	166.2	175.6
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MIDDLE INCOME	100	155.1	157.0	154.2	181.3
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LOW INCOME	100	166.9	166.9	167.7	184.7
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3. THE BIGGEST FACTOR ACCOUNTING FOR THE SHARP MARKET BASKET IN-

CREASES IN APRIL WERE THE INCREASED PRICES OF FOODSTUFFS, ESPECIALLY FISH, CHICKEN AND VEGETABLES SUCH AS TOMATOES, BEANS AND ONIONS. CLOTHING PRICES ALSO INCREASED APPRECIABLY BUT THE PRICES OF OTHER ITEMS SUCH AS RENT, UTILITIES, ETC. DID NOT CHANGE MUCH. (TECHNICAL FACTORS ALSO ACCOUNTED FOR A PORTION OF THE INCREASES IN APRIL.) WHEN AN ITEM IN OUR MARKET BASKET IS NOT AVAILABLE, WE INCORPORATE THE LAST PRICE AT WHICH IT WAS SOLD INTO THE MARKET BASKET INDEX. THIS CREATES A CERTAIN DOWNWARD BIAS IN THE INDEX ESPECIALLY WHEN SEVERAL GOODS OR MAJOR ITEMS SUCH AS CONSUMER DURABLES ARE UNAVAILABLE. IF THE ITEMS BECOME AVAILABLE AGAIN BUT AT A HIGHER PRICE (AS HAPPENED IN APRIL) THE INDEX INCREASES.)

4. WE BELIEVE THE SHABA CONFLICT MAY HAVE PLAYED A SIGNIFICANT ROLE IN BOOSTING APRIL PRICES. THE GOVERNMENT OF ZAIRE REPORTEDLY PURCHASED LARGE QUANTITIES OF CANNED GOODS IN KINSHASA THE WEEK BEFORE OUR SURVEY FOR SHIPMENT TO THE TROOPS IN SHABA. THE SUPPLY OF CANNED MEATS AND VEGETABLES WAS NOT DEPLETED, BUT STOCKS WERE DRAWN DOWN. THE DIMINISHED SUPPLY OF CANNED MEATS AND VEGETABLES MAY HAVE FUELED THE INCREASE IN PRICES OF FRESH VEGETABLES AND SMOKED AND DRIED FISH AND FRESH POULTRY THAT WERE OBSERVED IN OUR SURVEY, BUT WE CANNOT PROVE THIS FROM PRESENT DATA.

5. PRICES HAVE RISEN BY BETWEEN 75 PER CENT AND 85 PER CENT OVER THE LAST YEAR, BUT THE RATE OF INCREASE HAD SLOWED IN RECENT MONTHS. THE APRIL INDEX INDICATES AN ACCELERATION OF THE INFLATION RATE. ONE MONTH DOES NOT MAKE A TREND, AND WE ARE AWARE OF SOME FACTORS THAT TENDED TO EXAGGERATE THE APRIL INCREASES. NEVERTHELESS, THE APRIL FIGURES DO RAISE CONCERN THAT INFLATIONARY PRESSURES ARE BEING REKINDLED.

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 27-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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